1	sellers could potentially exist.
2	Q Ms. Kravtin, have you done any research
3	into the agreements that the complainants themselves
4	have with other electric providers for pole
5	attachments?
6	A No, I have not.
7	Q Would it surprise you to learn that the
8	complainants that are in this courtroom today are
9	paying an electric cooperative between \$17.50 and \$20
10	for pole attachment?
11	A No, it would not because those
12	cooperatives are not subject to the section 224 and
13	the cable rate formula.
14	Q And that's the only reason it doesn't
15	surprise you?
16	A I think that's a pretty major reason.
17	Q Do you know how many attachments the
18	complainants have with this electric cooperative in
19	Florida?
20	A No, I do not.
21	Q You haven't asked that question?
22	A I do not believe it was relevant to my
22	A I do not believe it was releva

Т 1	analysis, for the reason I just stated.
2	Q It's not relevant at all to determining
3	the proper price for these pole attachments of the
4	complainants on Gulf Power's poles?
5	A When you say not relevant at all, it is
6	certainly something that I took into consideration in
7	understanding what the various other well, the
8	arguments that Gulf has advanced in support of its
9	position, which I disagree with, which it shows
10	examples of those rates and rates agreements are
11	evidence in and of themselves of a fair market. I
12	have indicated why I believe that not to be so.
13	So it has some relevance, but I believe I
14	addressed that relevance and indicated why I believe
15	in my opinion that it does not provide evidence of a
16	free market rate.
17	Q You said you did take it into
18	consideration, though?
19	A In the course of my analysis of the
20	evidence in this case.
21	Q But that did not include looking at the
22	contracts?
1	

1	A No, it did not.
2	Q And it did not include inquiring about the
3	number of attachments?
4	JUDGE SIPPEL: A lot of this has been
5	asked and answered already.
6	MR. LANGLEY: Your Honor, the reason I'm
7	asking these questions right now is because she had
8	first said I didn't look at it, and then she said I
9	did take it into consideration. So I'm trying to make
10	sure
11	THE WITNESS: Excuse me. You asked me if
12	that was relevant, I believe, in your question that I
13	answered.
14	MR. LANGLEY: And in answering my
15	question, Your Honor, I understood her to say I took
16	that into consideration, and so I wanted to test that
17	testimony by establishing what she did not do.
18	JUDGE SIPPEL: She took it into
19	consideration, but she said she didn't go and call
20	people up and verify things. She obviously was shown
21	things by you know, she had access to records and
22	documents when she prepared her testimony.

1	MR. LANGLEY: Your Honor, I'm not sure
2	that she did because I
3	JUDGE SIPPEL: You want to ask her that
4	question?
5	MR. LANGLEY: I that is what I thought
6	I had just asked. Let me see if I can rephrase the
7	question, with Your Honor's permission.
8	JUDGE SIPPEL: Just a general just a
9	straightforward question.
10	BY MR. LANGLEY:
11	Q Ms. Kravtin, have you seen the
12	complainants' pole attachment agreements with
13	Choctawhatchee Electric Company?
14	A No, I have not. I was what I was I
15	would like to just expand that answer. What I was
16	referring to was that I was certainly familiar with
17	the argument Gulf Power had raised about the existence
18	of rates paid by cable operators to co-ops. That's
19	been raised in numerous filings, I believe, by Gulf
20	Power in this case.
21	Q Ms. Kravtin, in the course of your
22	continuing education, particularly considering the

1	testimony you render in the field of pole attachments,
2	do you try to stay current on reading economic and
3	legal literature?
4	A Yes, I do.
5	Q Are you familiar with Professors Daniel
6	Spulber and Christopher Yoo?
7	A I believe I have heard of the first name
8	that you mentioned.
9	Q You have heard of Daniel Spulber?
10	A I believe I have, yes.
11	Q Are you aware that they have published an
12	article in the Cornell Law Review entitled "Access to
13	Networks: Economic and Constitutional Connections"?
14	A No, I am not.
15	Q That is not an article that you have read?
16	A Did you indicate it was in the Law Review?
17	Q The Cornell Law Review, yes, ma'am.
18	A That is correct. No, since I am not a
19	lawyer, I don't regularly read the law reviews, no.
20	Q Well, you understand that to some extent
21	law and economics have overlap? There are professors
22	who do that? You know that, don't you?

1	MR. SEIVER: Objection, Your Honor.
2	JUDGE SIPPEL: No, I'll permit the
3	question. This is proper. If you can answer it.
4	THE WITNESS: No, I can. I'm just really
5	this is interesting that now the tables are turned
6	now, it's okay for the economist to say some things
7	about legal issues.
8	Of course, I'm aware of that, and that's
9	a point that I indicated obviously in my testimony, by
10	referring to regulatory standards myself.
11	BY MR. LANGLEY:
12	Q Would you think it is important to have
13	read a comprehensive article published on the subject
14	of pole attachments that was published in a law
15	review?
16	JUDGE SIPPEL: I guess you might explain
17	what's the qualification of the person that wrote it.
18	MR. LANGLEY: Well, I'm getting to that,
19	Your Honor.
20	JUDGE SIPPEL: Well, I mean how could she
21	answer the question without that as a I mean if
22	this is a if it's a note that was written by a

-	student at Cornell as opposed to someone of the nature
2	of Richard Posner, I think, you know, we ought to know
3	that up front before we have to answer questions.
4	MR. LANGLEY: Your Honor, she has already
5	said she is familiar with Professor Spulber's work.
6	JUDGE SIPPEL: All right.
7	THE WITNESS: I said I believe I'm
8	familiar with the name. I would really if you
9	could show me this work, then maybe I could evaluate
10	further. But certainly I am not going to answer in
11	the abstract.
12	MR. LANGLEY: Your Honor, may I approach?
13	JUDGE SIPPEL: Yes, you may.
14	(Gulf Power Exhibit 72
15	marked for identification.)
16	BY MR. LANGLEY:
17	Q Ms. Kravtin, I am handing you what has
18	been marked for identification purposes as Gulf Power
19	Exhibit 72.
20	JUDGE SIPPEL: This will be marked for
21	identification as Gulf Power Exhibit 72. It's a copy
22	of a Cornell Law Review article dated May 2003. One
	i

1	of the authors being Daniel Spulber. It looks like a
2	91-page article. Now that's what do you want the
3	witness to do with this?
4	MR. LANGLEY: I want her to first are
5	we on the record?
6	JUDGE SIPPEL: Yes, we are.
7	MR. LANGLEY: I wanted the witness first
8	to review the credentials of the authors to see if
9	that refreshed her recollection on whether she knew
LO	these authors.
L1	JUDGE SIPPEL: Okay. The credentials are
L2	right on the front page.
L3	THE WITNESS: Yes, they appear to be a
L 4	professor of law and associate professor of law.
L5	BY MR. LANGLEY:
L6	Q Do you I'm sorry.
L7	A And again I it was my recollection that
L8	I had heard the name Daniel Spulber. I'm not really
19	very familiar with him and not of his colleague at the
20	University of the Vanderbilt University Law School.
21	Q I understand you have not read this
22	specific article?

1	A No, I have not.
2	Q Have you read other articles by Professor
3	Spulber?
4	A Not that I can recall. Again, if I have
5	the time to read this entire article, it may be that
6	I might. But I really don't
7	JUDGE SIPPEL: That's not going to happen
8	today.
9	(Laughter.)
10	BY MR. LANGLEY:
11	Q Ms. Kravtin, in what context do you know
12	Professor Spulber's name?
13	A The context that it's a name that I
14	believe I had seen in various as you pointed out,
15	there is a connection between law and economics, and
16	certainly in my industrial organization studies it may
17	have been something cited to, a work that he had done.
18	Q Ms. Kravtin, would you please go back to
19	page 26 of your testimony. I gather from your
20	testimony on page 26 that you as an economist draw a
21	distinction between the terms "crowding" and "full
22	capacity"?

1	A Yes, I do.
2	Q That's an important distinction?
3	A I believe it's an important distinction as
4	I have described in my testimony.
5	Q I mean you wouldn't have drawn the
6	distinction if you didn't think it was important?
7	A Correct.
8	Q Has that always been your opinion, that
9	there was a distinction?
LO	A It's certainly always been well, I
۱1	can't answer always in the sense that I don't know if
L2	you are referring to another situation that might have
L3	a different context. But certainly the discussion in
L4	my testimony where I discuss full capacity and what it
L5	means in terms of rivalrous, and does not have that
L6	meaning, I believe those are concepts I would
17	certainly embrace, based on the literature and my
18	opinions. But I can't answer your question out of
19	context.
20	This is the first case I believe that
21	this case is the first one where these issues have
22	been tied to an economic criteria such as we are

1	discussing in this case.
2	Q In the context of the Alabama Power, the
3	FCC case, have you always drawn a distinction between
4	crowding and full capacity?
5	A I'm sorry, can you repeat that question?
6	Q Yes, ma'am. In the context of Alabama
7	<u>Power</u> , the FCC case, have you always drawn a
8	distinction between crowded and full capacity?
9	A I don't believe I testified in that case,
10	so I'm not sure in what context you were asking me.
11	Q That was a bad question. You had earlier
12	said please give me some context for what you mean,
13	and I'm talking about since the Alabama Power v. FCC
14	case, in connection with your engagement by the
15	complainants as an expert in this case, have you
16	always distinguished between the terms crowded and
17	full capacity?
18	A Has my position in this case with regard
19	to crowding versus full capacity been the same? Is
20	that what you are asking?
21	Q Yes, ma'am.
22	A I would answer yes.

1	Q And you believe the appropriate standard
2	is full capacity?
3	A Yes, I believe that is that is the
4	appropriate standard, and I believe it's the standard
5	spelled out in the <u>APCo</u> decision as well.
6	MR. LANGLEY: Your Honor, may I approach
7	the witness?
8	JUDGE SIPPEL: Let me see if I can ask
9	can I ask a question? I know I'm incurring on your
10	time, but if let's say hypothetically if you had a
11	situation like this, okay, and the Eleventh Circuit
12	talked in terms of crowded and full capacity, if the
13	utility company could prove full capacity on a pole or
14	a series of poles, would that be a condition precedent
15	to recovering costs over and above marginal costs?
16	THE WITNESS: Well, that's the first part
17	of the test is to demonstrate full capacity.
18	JUDGE SIPPEL: Well, what I'm saying,
19	would that be one of the requirements as a sine qua
20	<u>non</u> to recovering additional costs over and above the
21	marginals in the you know, in the workout damages
22	or costs, rather?

1	THE WITNESS: No, that would be the first
2	part of the test. Then
3	JUDGE SIPPEL: Let me finish. If you
4	don't do it that way, if you don't get to full
5	capacity, then you are out of luck as far as seeking
6	anything over and above the formula?
7	THE WITNESS: Correct. That's a necessary
8	condition.
9	JUDGE SIPPEL: All right. Okay. That's
LO	the ticket. Now supposing that you couldn't prove
11	full capacity well, no, let me rephrase that
L2	question.
L3	Supposing that you proved crowded, would
L4	you meet without proving full capacity, if you
L5	proved crowded and you were able to get a conclusion
L6	drawn that there was a crowded series of poles, would
L7	you then have met that precondition to recovering
L8	something over and above marginal costs, or charging
L9	something over and above marginal costs?
20	THE WITNESS: Well, for the reasons I
21	describe in my testimony, I think there is an
22	important economic distinction, as I have come to

1 understand crowding versus full capacity. So crowding 2 can mean many different things, and I think Gulf has changed its position as to what it means by crowding. 3 That's why I think it's important for the 4 5 commission to look at what would be an objective 6 economic definition of full capacity because those 7 terms could mean different things to different people, 8 and I'm trying to in my testimony describe what would, 9 from an economist's standpoint, what would those 10 criteria be for proving something meaningful in an 11 economic sense of full capacity and tying specifically 12 to the term rivalrous. What does it mean in terms of 13 economics to be rivalrous. 14 JUDGE SIPPEL: Well, let me try it again. 15 If you are -- does the concept, from an economist's 16 standpoint, does the concept -- as you say, we do see 17 distinctions between the two. Does a full capacity --18

let's call it a full capacity network of poles. Does that assume or subsume that some or all of those full capacity poles are also going to be crowded? Or does that make a difference?

> Well, I think that full THE WITNESS:

19

20

21

22

1 capacity would be a special case. You can have -- in 2 other words, to be -- think of another use of some 3 other infrastructure where when something is congested 4 or crowded, it generally will tend to get to or be 5 near getting to full capacity. Or you could think of it getting crowded or congested on its way to being at 6 7 full capacity. But to get to full capacity, you would 8 need to actually have to exclude the next user on that 9 infrastructure. 10 So getting crowded, it's congested, but 11 are you economically full? And you get to the state 12 of fullness or full capacity if you just can't accommodate one other user without having to turn away 13 14 the other. 15 JUDGE SIPPEL: It would be like 16 elevator at full capacity? If an elevator has a 17 capacity of 101, and you've got 100 in there, you 18 can't go on, you can't have one more. 19 Well, in this case, we're THE WITNESS: 20 thinking about a fixed capacity, and again one of the 21 many properties of poles that I am pointing to and Mr. 22 Harrelson describes is through make-ready you actually

1	in a short-term way are able to make space available.
2	But in the case of in the case of, you know, the
3	elevators as you described it, it would be crowded in
4	the vicinity of that 101 limit, but then it's not
5	actually at full capacity until it has 101 people, and
6	then to have the next person, you would have to kick
7	someone off the elevator in order for another one to
8	come in.
9	JUDGE SIPPEL: All right. Good. Now then
10	if you have full if you have a full capacity
11	elevator, that's different than a crowded elevator?
12	THE WITNESS: Yes.
13	JUDGE SIPPEL: Even from an economic
14	standpoint?
15	THE WITNESS: Yes. Because you don't have
16	to kick someone off in order to let someone else on.
17	JUDGE SIPPEL: All right.
18	THE WITNESS: So the distinction I make
19	with regard to Gulf Power is that they have been able
20	to accommodate additional users without and that
21	they can't cite to evidence where because of that
22	cable attachment in that one-foot space, they haven't

+	actually had to exclude anyone because of that. They
2	can't cite to any evidence.
3	JUDGE SIPPEL: Then if that's the case,
4	would you say and my analogies may, you know, may
5	be limping like the dickens from an economist's
6	standpoint. But would you say that based on what you
7	have seen thus far on these poles that are in issue
8	that they might be some or all may be crowded, but
9	you have not found one yet that's at full capacity?
10	THE WITNESS: Well
11	JUDGE SIPPEL: I know you're not looking
12	for
13	THE WITNESS: I believe that is Gulf's
14	a requirement of Gulf's evidence in this case. I
15	believe Gulf was asked if Gulf could identify
16	instances where it did not accommodate or could not
17	accommodate additional attachment because of a cable
18	company attachment, and it answered it did not. I
19	believe that was in deposition testimony that I cited
20	in my testimony.
21	JUDGE SIPPEL: Yes, but I'm saying in
22	terms of I'm trying to find out, what is the

fundamental foundation from which you are giving economic opinions? From the standpoint of there being poles which are crowded? Or from the standpoint of poles which are being at full capacity, or both? Or does it not make a difference to you?

THE WITNESS: Well, I believe -- well, let me answer it this way, because it does -- it makes a difference in the context of that first part of the test.

JUDGE SIPPEL: Yes.

APCo. Just reading directly from the language is that it requires two things: the showing of full capacity and then if you show full capacity, you then have to go on and show a lost opportunity that not only is the pole full -- in other words, you would have to turn away another -- you wouldn't be able to accommodate another attachment, but that there is actually another attachment or attachment that wants to get on.

So you don't have any actual loss unless that buyer waiting in the wing, that actual bidder comes along, or there is an actual bona fide use by

|| Gulf.

So I see the <u>APCo</u> test as twofold: One, demonstrating you are full, the pole is full, you can't do anything, you can't do your ordinary makeready, you can't stand and make space available in some way. So, A, it's full, so you have to satisfy that.

But then if you satisfy that, you still have to show that Gulf would be out some money.

Unless you show Gulf -- that's the second condition.

The first is a necessary condition. It alone is not sufficient because you have to satisfy the second of lost opportunity. In an economic sense that must mean you are out some money if you compare where Gulf would be with the cable attachment and without it, are they out some money because of that cable attachment. You have to show that.

JUDGE SIPPEL: And your position -- well, let me not put words in your mouth. But is your answer or is your analysis of the APCo holding the same whether or not the Court is using the word "full capacity" or whether it's using the term "crowded"

1	because I believe that it shows up both ways in
2	various parts of the opinion.
3	THE WITNESS: Well, I agree, I think there
4	is some use of both those words. But in the actual
5	part of the decision that has been cited, including
6	the hearing excuse me, the order
7	JUDGE SIPPEL: The hearing designation
8	order.
9	THE WITNESS: I believe I'm referring
10	actually to the scheduling order where that describes
11	the test was indented on the very front test. That
12	test that says this requires a showing of full
13	capacity and lost opportunity.
14	Then in that context, the Court used that
15	phrase "full capacity" and also from an economist's
16	South Texas Project, if we are talking about a
17	situation where there is rivalry, rivalrous condition
18	on the pole, as an economist that means to me it must
19	be full in an economic sense.
20	The semantics of whether you're calling it
21	crowded or full capacity is almost less important to
22	me as an economist than what is the actual condition,

1 the underlying condition we're talking about. Can you 2 fit another attachment or accommodate another 3 attachment on this pole. It might be crowded, but if 4 you can't, then it would satisfy full capacity from an 5 economic standpoint. JUDGE SIPPEL: 6 It seems to me if you're 7 talking about the condition of the pole being that, 8 it's really the effect of the condition of the pole, 9 whether you call the pole crowded or full capacity, 10 it's the effect of the contour of that pole versus the 11 next attacher coming along. If I'm hearing you right. 12 If that's what I'm understanding you to say. 13 THE WITNESS: Yes. You have to exclude 14 one of the existing attachments in order for there to 15 be space or the ability to accommodate another 16 attachment. 17 JUDGE SIPPEL: Okav. All right, 18 apologize, Mr. Langley. I didn't want to go into it 19 all that deeply, but at least for the afternoon now 20 maybe I'll understand what's going on. Go ahead. 21 MR. LANGLEY: Your Honor, do you want me 22 to continue? I can tell you with regret, I will not

1	be able to finish this afternoon.
2	JUDGE SIPPEL: Well, if you want to
3	continue on this particular subject or some other?
4	You are going to start another phase of your
5	questioning?
6	MR. LANGLEY: I do have a couple more
7	questions along this same line, but they are probably
8	going to carry over to a lot of similar questions
9	based on the response that she just gave to the Court.
LO	JUDGE SIPPEL: All right. Well, let's see
L1	what you can do for another 15 minutes because I took
L2	up a lot of your time here.
L3	BY MR. LANGLEY:
L4	Q Ms. Kravtin, you mentioned in your
L5	response to the Court that the distinction is an
L6	economic distinction, not a legal distinction;
L7	correct?
L8	A I'm sorry, can you repeat your question?
L9	Q You mentioned in your response to the
20	Court that the distinction between crowded and full
21	capacity is an economic distinction, not a legal
22	distinction. Is that right?

1	A I'd have to see my answer reread. I
2	believe I said that what is important from the
3	standpoint of my testimony as an economist was the
4	underlying distinction as an economic matter between
5	crowded or congested and a state of full capacity as
6	synonymous with there being a rivalrous condition on
7	the pole.
8	Q So if I did not understand that correctly,
9	are you saying that the distinction is an economic
10	one, not necessarily a legal one?
11	A I'm saying there is, as I testified, and
12	came to analyze the situation, there is an economic
13	distinction between crowded and full capacity. I'm
14	not going to comment on whether there's a legal
15	distinction. I'm addressing the economic distinction
16	in my testimony, sir.
17	JUDGE SIPPEL: That's my recollection. I
18	don't think that she got into making that kind of a
19	distinction. She was limiting herself to the
20	economics or the economist's view of crowded versus
21	full capacity. I think you can move on.

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BY MR. LANGLEY:

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1	Q Ms. Kravtin, earlier I was asking you some
2	questions about whether that had always been your
3	opinion, and I believe your answer was yes. Correct?
4	A Yes. From an economics perspective.
5	MR. LANGLEY: Your Honor, may I approach
6	the witness?
7	JUDGE SIPPEL: For what purpose?
8	MR. LANGLEY: To show her an exhibit.
9	JUDGE SIPPEL: What's the nature of the
10	exhibit?
11	MR. LANGLEY: The nature of the exhibit is
12	a draft outline where she used the term synonymously.
13	JUDGE SIPPEL: Let me see. Has this been
14	marked as an exhibit?
15	MR. LANGLEY: I have marked it as Gulf
16	Power Exhibit 73 for identification purposes. May I
17	hand a copy to the witness?
18	JUDGE SIPPEL: Yes no, first to Mr.
19	Seiver. Have you seen this, Mr. Seiver, before? Are
20	you aware that counsel had it?
21	MR. SEIVER: Yes, I am, Your Honor. I
22	furnished it to him in part of our expert production

earlier.
JUDGE SIPPEL: All right.
MR. LANGLEY: Your Honor, may I proceed
with the question?
JUDGE SIPPEL: Yes, you may. Do you want
the witness to look at any particular portion of this,
or do you want to just first start out with her
general familiarity?
MR. LANGLEY: I want to just start with
general familiarity. I think that we are going to see
that she doesn't need to read it again.
JUDGE SIPPEL: Good.
BY MR. LANGLEY:
Q Ms. Kravtin, have you seen this document
that has been marked as Gulf Power Exhibit 73?
A Yes, I have.
Q Is this a copy of a draft report that you
sent to counsel for complainants in March of 2005?
A No, it's not a draft report.
Q A draft outline of your testimony?
A Correct, as the e-mail suggests, it is a
working draft outline. It is not a report.